



Approaches to Entrepreneurship Development: A Literature Survey

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Research Note

Abstract

Purpose: This article aims to provide a brief description of various approaches to entrepreneurship

Methods: The article is entirely based on the literature survey. It consults books and journal articles to trace a variety of approaches proposed by different scholars in the d-fiend of entrepreneurship

Results: It identifies seven approaches to entrepreneurship namely, Psychological approach, Demographic approach, Behavioral Approach, Socio-cultural approach, Venture facilitation approach, Entrepreneurial event approach, Multidimensional approach, Hisrich's Decision Model, and Eclectic Model

Implications: It implies that entrepreneurship may develop through multiple avenues. The educators and policymakers should consider the lessons of different approaches to identify the potential entrepreneurs for further development and provide them with the knowledge, skills, as well as other material supports for their development.

Keywords: Entrepreneurship, Approaches, Psychological, Behavioral, Demographic, Socio-cultural

1. Introduction

Over the years, the concept of entrepreneur has undergone a transformation and broadened to traverse the traditional connotation of *creating a new and innovative venture*. Entrepreneurship is more than the mere creation of a business. Although that is certainly an important facet, it's not the complete picture. It may also be viewed from a skill perspective. The entrepreneurial skills such as seeking opportunities, taking risks beyond security, and having the tenacity to push an idea through to reality can be exhibited by an individual working for someone else in profit or not-for-profit enterprises, and in business or non-business activities.

The role of entrepreneurs in economic development has for long been a recurrent theme of research in economics. Since the 1960s, however, researchers with a variety of backgrounds

such as psychology, sociology, anthropology, history, and management have evinced keen interest in studying entrepreneurship. This has led to the emergence of entrepreneurship as one of the most promising fields in business education and research, with a variety of assumptions, metaphors, and theories. (Ramchandran & Ray 1998).

However, most of the studies were additive rather than integrative in nature. As a result no comprehensive theory in entrepreneurship could develop. Based on their domain of comfort, researchers have addressed various issues related to entrepreneurship such as, *who can be an entrepreneur, what makes an entrepreneur, what determines the success as an entrepreneur, how entrepreneurs can be developed*, and so on. As a social construct, these issues in entrepreneurship were viewed from different angles resulting in multiple approaches. Some of the approaches have addressed a single aspect of entrepreneur or entrepreneurship and some approaches have dealt with multiple aspects of the issue simultaneously. From a survey of the entrepreneurship literature, Cunningham and Lischeron (1991) have identified six different major schools of thought. The "*great person school*" views an entrepreneur as a person who is born with intuition, vigor, energy, persistence, and self-esteem, while the *classical school* identifies entrepreneurship with innovation, creativity, and discovery. The *management school* describes an entrepreneur as one who organizes, owns, manages, and assumes the risk. Similarly, the *leadership school* views an entrepreneur as one who motivates, directs, and leads. In contrast, the *intrapreneurship school* focuses on skillful managers within complex organizations. In an attempt to summarize the diverse theories of entrepreneurship, Kuratko & Hodgetts (2001) identified six *schools of thought* under two broader categories of Macro and Micro view. The Macro view of entrepreneurship presents a broad array of factors to success or failure in contemporary entrepreneurial ventures. This includes an external process that is sometimes beyond the control of the individual entrepreneur i.e. they exhibit a strong locus of the control point of view. This view includes three schools of thought such as (1) The environmental school of thought (2) the financial/capital school of thought and (3) the displacement school of thought. The micro view of entrepreneurship examines the factors that are specific to entrepreneurship and are part of the internal locus of control. The potential entrepreneur has the ability or control, to direct or adjust the outcome of each major influence in this view. It includes: (1) Trait school of thought (2) Venture opportunity school thought and (3) Strategic formulation school of thought.

2. Approaches to Entrepreneurship

In line with the scholarly search for answers to the question "what makes an entrepreneur?" or "what determines the supply of entrepreneurs?" or "how entrepreneurs can be developed?" several approaches can be traced as follows.

1. Psychological approach
2. Demographic approach
3. Behavioral Approach
4. Socio-cultural approach
5. Venture facilitation approach

6. Entrepreneurial event approach
7. Hisrich's Decision Model
8. Multidimensional approach
9. Eclectic Model

2.1. Psychological Approach

The psychological or trait approach to the study of entrepreneurship is probably the most extensively represented area in the literature. It focuses on the psychological characteristics of entrepreneurship, which views entrepreneurs as individuals with unique values, attitudes, and needs which drive them and differentiate them from non-entrepreneurs. Its premise is that one's needs, drives, attitudes, beliefs, and values are primary determinants of behavior. As such, this school of thought focuses on personality/psychological factors and characteristics. Lachman (1980), for example, suggested that people, who possess the same characteristics as entrepreneurs, will have a higher tendency (or potential) to perform entrepreneurial acts than people who do not possess such characteristics.

John Hornaday (1982) of Babson College was among the first to use surveys and intense interviews to develop a composite list of entrepreneurial traits. These are summarized as follows:

- Self-confident and optimistic
- Able to take a calculated risk
- Respond positively to changes
- Flexible and able to adapt
- Knowledgeable of markets
- Able to get along well with others
- Independent-minded
- Versatile knowledge
- Energetic and diligent
- Creative need to achieve
- Dynamic leader
- Responsive to suggestions
- take initiatives
- Resourceful and preserving
- Perceptive with foresight
- Responsive to criticism

Mitton (1989) has described entrepreneurs as those who have certain psychological characteristics such as a total commitment to their cause, a need for total control, a utilitarian view of what is right, and a liking for uncertainty and challenge. In analyzing the entrepreneurial process, Bygrave (1989) presented a model that includes the need for achievement, internal locus of control, tolerance for ambiguity, and risk-taking propensity as vital components. Similarly, Robinson *et al.* (1991) have listed achievement, innovativeness, control, and self-confidence as entrepreneurial attitudes. To date, the need for achievement and locus of control have received the most attention in the entrepreneurship literature Shaver & Scott (1991). In a study on MBA students in Hong Kong, Koh (1996) found that those who are entrepreneurially inclined have greater innovativeness, more tolerance of ambiguity, and higher propensity to take risks, as compared to those who are not entrepreneurially inclined. Rahman (1989), in his intensive survey on 5 living Bangladeshi entrepreneurs found that they are hard-working, truthful, religious, simple living, honest, sincere, good leaders, task-oriented, confident, creative, determined, flexible, moderate risk-taker, and could influence others.

Meredith et al. (1982) suggest a total of 19 different traits that help to provide a profile of the entrepreneur. They place particular emphasis on what they call core traits which include: *self-confidence, risk-taking ability, flexibility, need for achievement, and a strong desire to be independent*. However, as Chell et al. (1991) point out, it is not clear how this list of traits was compiled nor is it clear whether these traits were subsequently tested by the authors. From their investigation of practicing entrepreneurs, Hatch and Zweig (2000) propose that five characteristics, taken together, comprise what they term 'entrepreneurial spirit'. These characteristics are *risk tolerance, desire for control, desire to succeed, perseverance, and decisiveness*. However, they suggest that entrepreneurial spirit is not enough to ensure success. Generating and putting a business idea into practice also involves insight and core skills to drive the business forward, as well as serendipity- an element of luck.

Thus, over the years, a long list of personality characteristics possessed by entrepreneurs has been examined and discussed. These characteristics are represented in the following Table.

Table # 1: Characteristics (Traits) Identified within the Psychological Approach

Need for achievement	McClelland, 1961; Meredith et al. (1982); Bygrave (1989); Johnson 1990; Robinson & Stimpson 1991; Shaver & Scott 1991; Robinson et al. 1991; Shaver & Scott (1991); Caird (1991); Balakrishnan, Goparumar and Kanungo (1998); Stevenson et. al. (1999); Longenecker et. al. (2000); Hatch and Zweig (2000);
Need for power	McClelland, 1961; Watkins, 1976
Need for affiliation	McClelland, 1961; Wainer and Rubin, 1969
Risk-taking propensity	Hornaday (1982); Meredith et al. (1982); Drucker, 1985; Mitton (1989); Bygrave (1989); Caird (1991); Osborne, 1995; Kets de Vries, 1996; Koh (1996); Stevenson et. al. (1999); Longenecker et. al. (2000); Hatch and Zweig (2000);
Internal locus of control	Rotter, 1966; Bygrave (1989); Caird (1991); Robinson <i>et al.</i> (1991); Shaver & Scott (1991); Stevenson et. al. (1999)
Confidence	Brockhaus, 1975; Meredith et al. (1982); Hornaday (1982); Robinson <i>et al.</i> (1991); Gibb, 1993a; Longenecker et. al. (2000);
Need for autonomy and independence	Collins et al., 1964; Watkins, 1976; Meredith et al. (1982); Hornaday (1982); Caird (1991)
Innovativeness	Schumpeter, 1934, 1965; Drucker, 1985; Robinson <i>et al.</i> (1991); Caird (1991); Koh (1996); Balakrishnan, Goparumar & Kanungo (1998);
Decision making	Scanlan, 1984
Judgment	Hornaday & Aboud, 1971
Communication abilities	Carson et al., 1995
Commitment/ Determination	McClelland and Winter, 1969; Mitton (1989); Hatch and Zweig (2000); Hornaday (1982)
Leadership	Litzinger, 1965; Moss Kanter, 1983; Hornaday (1982)
Initiative/drive/ enthusiasm	Gasse and Theoret, 1980; McClelland and Winter, 1969; Bridge et al., 1998
Tolerance of ambiguity and uncertainty	Hornaday & Bunker, 1970; Sexton & Bowman-Upton, 1985; Bygrave (1989); Koh (1996)
A grip on reality	Schrage, 1965
Vision	Wickham, 1998, Balakrishnan, Goparumar and Kanungo (1998); Hornaday (1982)
Flexibility	Meredith et al. (1982); John Hornaday (1982)

Some of the important traits are outlined below.

2.2. Demographic Approach

Researchers investigating entrepreneurship from demographic approach tend to focus on the effects of an individual's background and include some analysis of his/her family history, the education and occupations of the parents, the entrepreneur's childhood experiences, birth order, religion and culture, age at start-up (if the business is already set-up), and his/her education and work experience. This approach is represented in the literature by Kets de Vries (1977), Collins and Moore (1970), Davids (1963), Gould (1969), Howell (1972), and Garavan and O'Cinneide (1994), among other.

Family History and Childhood Experiences: Entrepreneur's family background is given attention by some authors (Collins et al. 1977). It is suggested that the fathers of several entrepreneurs were self-employed and that this familiarity with enterprise facilitates their children's creation of their own businesses (Kets de Vries, 1977; Roberts, 1991). In addition, factors such as an absent father, an overbearing or controlling mother, as well as major upsets such as illness, separation or death in the family, are often cited as influencing the entrepreneurial decision.

Dyer and Handler (1994), in suggesting that the career of the entrepreneur should be studied from an individual's entry into the business world right up to his/her exit from it, explore how the family can influence an entrepreneur's career. Based on the literature, several empirical studies conducted by themselves and others, and their own experiences, Dyer and Handler (1994) identify four 'career nexuses' that reflect the different points in time where family and entrepreneurial dynamics intersect, as follows:

- (a) *The Early Experiences in the Entrepreneur's Family of Origin:* McClelland (1965) claims that parents providing a supportive yet challenging environment in the home can develop children with high nAch. Roberts and Wainer's (1968) and Ronstadt's (1984) emphasis on entrepreneurial parents, and Dalton and Holdaway's (1989) study of entrepreneurs who had significant family responsibilities at a young age, are all quoted in support of the point that the entrepreneur's early family experiences can impact on his/her success or failure in later life.
- (b) *Family Involvement in the Entrepreneur's Start-up Activities:* In stressing the importance of the relationship of the family to the entrepreneur's business, Dyer and Handler (1994) mention such factors as the family's willingness to support the business venture, both financially and emotionally, the ability of the entrepreneur to 'use' family members in the business to reduce start-up costs, and the ability to manage the obligations of both the business and the family.
- (c) *Employment of Family Members in the Entrepreneurial Firm:* Dyer and Handler (1994) note that little empirical work has been conducted to investigate the connection between family involvement and business performance but suggest that conflicts are likely to arise where close family members become key figures in the business and the entrepreneur must be aware of and able to manage these conflicts.

(d) *The Involvement of Family Members in the Ownership and Management Succession:* Here the authors cite Sonnenfeld (1988) regarding founders' resistance to planning for succession. They also refer to Levinson (1971) and Barnes and Hershon's (1976) view of the difficulties an entrepreneur faces when contemplating the transfer of ownership.

Dyer and Handler strongly suggest that the role of the family may be a much more important determinant of business success than other factors, and conclude that it is only by studying the entrepreneurial career over a period of time, that the true influence of the family is recognized. They emphasize the lack of systematic studies in the area, suggesting that there is a need to develop a more comprehensive theory of how child-rearing practices and the family dynamic can encourage or discourage entrepreneurial behavior.

Parents Education and Occupations: Some studies suggest that entrepreneurs are more likely to come from families where the parents were business owners. It is thought that the owner-manager or self-employed family environment may not only serve to encourage and develop entrepreneurial tendencies, but can also foster certain skills in the individual that will help him/her to operate in the business world. Individuals tend to look upon their parents as role models and as the owner-manager/own-boss mentality is developed, the option of self-employment is seen as a viable career option. Blair (1997) supports this view in his study of 49 top public company owners in the UK in which he found that over 75 per cent of the entrepreneurs surveyed had fathers who owned their own businesses.

O'Gorman and Cunningham (1997) point out that this pattern of following in one's parents' footsteps seems to hold true regardless of whether the parents have been successful, and they quote the US figure of 50 per cent of company founders having self-employed fathers. While accepting that successful new ventures are as much due to an 'abundance of luck and timing' as they are to a 'driving entrepreneurial personality'. Garavan and O'Cinneide (1994) suggest that, to be successful entrepreneur, it is desirable to come from two learned, successful entrepreneurial parents (and) to have work experience (and) to have an adequate education. This view supports the belief that entrepreneurs are often made and not born.

Birth Order: Some researches suggest that children who are the first born in a family are more likely to become successful entrepreneurs than those who are not. This could be due to the fact that the eldest in the family is given more attention and encouragement initially, and often takes on more responsibility at an earlier age, than their siblings, which develops early self-confidence. In a study of 272 Irish entrepreneurs conducted by Hisrich and O'Cinneide (1985) it was found that the biggest proportions (32 per cent) were first born. Moreover, a study by Hisrich and Brush (1994) of 408 female entrepreneurs revealed that 50 per cent of them were first born. However, Hisrich and Peters (1995) suggest that the relationship between the first born element and entrepreneurship has, to date, only been weakly demonstrated, and that further research is needed to determine whether it really does have an effect on an individual's ability to become an entrepreneur. (cited in Henry et.al.2003)

Age: There have been a number of attempts to establish a link between the entrepreneur's age and the performance of the particular venture in which he/she is involved. While one might justifiably hypothesize that a more mature entrepreneur will have significantly more experience and thus may be more likely to succeed, it has also been suggested that younger entrepreneurs are possibly more likely to take more risks in an attempt to grow their business. Almost all of the entrepreneurs analyzed in the survey by Blair (1997), started their entrepreneurial careers when they were quite young, with most of them becoming millionaires by the time they had reached 30 years of age. However, as O'Gorman and Cunningham point out, if age is a measure of experience and possibly wealth accumulation it could also be seen as a form of milestone which can trigger an individual towards self-employment. In contrast, from the findings of their own research into established entrepreneurs, Hatch and Zweig (2000) observed that people can become entrepreneurs at almost any age (cited in Henry et.al.2003).

Education: Studies have shown that, in the past, entrepreneurs received very little formal education (Collins et al. 1964; Stanworth and Curran, 1971). However, more recent studies have indicated that entrepreneurs now tend to be better educated, with up to 23 per cent of those surveyed on O'Farrell's study (1986), a quarter of those in Hisrich's study (1988), and 68 per cent of those in Henry's study (1998) holding primary university degrees or higher. Furthermore, many enterprise training programmes are now geared specifically towards graduates. As Caird (1989) and others (Murray and O'Donnell, 1982) have pointed out, the uneducated entrepreneur may well be a dying breed. This assertion is qualified however, by Lee and Tsang (2001) who observe that the evidence presented in the literature concerning the effect of education on venture performance, is inconclusive. Indeed, the finding of their own study of venture growth in Singapore, suggest that education has a small negative effect on venture growth, though this effect is mediated by venture size – positive for larger firms and negative for smaller ones. Taking a somewhat different perspective, Bolton and Thompson (2000b) argue that the efficacious effect of education is undermined by the influence of a risk-averse culture. While education may teach analysis and sound judgment, these writers claim that it can devalue flair and instinct, resulting in a diminution of entrepreneurial spirit.

Work Experience: Work experience has been seen by some researchers as an important factor in entrepreneurial success, particularly if the experience is in the specific industry sector of the proposed business venture. Mukhtar et al. (1998) and Oakey et al. (1998) have argued that the propensity to be interested in working in SMEs is strongly linked to previous work-experience. Lee and Tsang (2001) state that most studies reported in the literature suggest a positive relationship between the entrepreneur's prior experience and venture performance. Indeed, their research found that achievement motivation, the personality trait which had greatest influence on venture growth, had a smaller impact than previous experience. Of all the factors in the study (including internal locus of control, number of partners, networking activities, extraversion and education) an entrepreneur's industrial and managerial experience had the greatest effect on the growth variable.

Thus in demographic approach, demographic information is used to arrive at a profile of typical entrepreneur assuming that people with similar background possess similar underlying stable characteristics. This approach presumes that by identifying demographic characteristics of known entrepreneurs it will be possible to predict entrepreneurship in unknown populations (Robinson et al. 1991). Robinson et al. (1991) identified three major drawbacks of this approach. First, the approach assumes that human behavior is strongly influenced by demographic characteristics such as sex, race, or birth order. However, as psychologists point out, it is not so much the demographics as the conclusion one draws from one's life experience that influence future actions of entrepreneurs (Rychalk 1981). Second, the practice of using demographic characteristics is not appropriate. There is also a lack of adequate empirical evidence in this regard (Ernest & Angst 1983). Third, the approach does not help predict who will or will not be an entrepreneur on the basis of knowledge of one's birth order, level of education, or parental heritage. Besides, demographic characteristics being static in nature cannot explain a dynamic multifaceted phenomenon like entrepreneurship.

2.3. The Behavioral Approach

The behavioral approach focuses on the entrepreneur's interaction with the environment which both shapes, and is shaped by, the entrepreneur (McCarthy, 2000). The entrepreneur is seen in the context of a set of activities involved in the creation of an organization (Gartner, 1989). In this case the focus is on understanding how attitudes, behaviors, management skills and know-how, all combine in determining entrepreneurial success. Researchers adopting the behavioral approach tend to do so because they perceive the trait and social approaches as failing to provide a complete and accurate picture of the entrepreneur.

Drucker (1985) mainly supports the behavioral approach by strongly rejecting the psychological approach to entrepreneurship, and the claim that entrepreneurs are exclusive individuals with pre-determined characteristics. According to Drucker, entrepreneurship is a behavioral pattern rather than a personality trait and something that people can be taught so that they can, indeed, learn how to behave entrepreneurially. Drucker's entrepreneurs take risks and make decisions. Anyone, therefore, who is involved in making decisions, can learn to be an entrepreneur. According to Drucker, *Entrepreneurs see change as the norm and as healthy. Usually they do not bring about the change themselves. But – and this defines entrepreneurship – the entrepreneur always searches for change, responds to it, and exploits it as an opportunity* (Drucker, 1985, cited in Henry 2003).

Schultz (in Barkham, 1989), to some degree, supports the behavioral view by believing that the entrepreneur's prime role is being able to deal with disequilibrium, and thus he views a very wide range of people as potential entrepreneurs. In fact, Schultz believes that anyone who controls resources, either their own or those of someone else, is, in fact, an entrepreneur.

Gartner (1989) strongly argues that entrepreneur creates an organization whereas the non-entrepreneur does not. He criticizes the trait approach to entrepreneurship, claiming that the behavioral approach is more effective and could be more useful to future researchers. 'Who is an entrepreneur?' really is the wrong question, as far as Gartner is concerned, since it forces one to focus on the traits and personality of the individual and does not lead to a true definition of

the entrepreneur nor indeed to a better understanding of what entrepreneurship is all about. To emphasize his viewpoint, Gartner uses the example of a baseball team, and illustrates what would happen if a profile of the typical, successful baseball player were developed based solely on a set of traits – height, weight, age, and so on, and failed to consider the key activities involved in baseball playing, namely pitching, running and throwing. Just as abilities in these activities are obvious prerequisites for successful baseball, so too are abilities in the area of innovation, management and securing finance critical for successful entrepreneurship (cited in Henry et. al. 2003).

Gartner (1989) sees the entrepreneur at the very center of the process of new venture creation and in this sense, he views the personality characteristics of the entrepreneur as ancillary to his/her behavior. Entrepreneurship is all about the creation of an organization, with the entrepreneur performing a series of actions which ultimately result in the set-up of a new business. If this definition is accepted, then one must look at the process by which new organizations are created. To do this, Gartner suggests that one should follow Mintzberg's lead in his analysis of managerial behaviors (Mintzberg, 1973) and that one should ask the same questions about the *entrepreneur* as Mintzberg asks about the *manager*, i.e. what kinds of activities does the manager [entrepreneur] perform? What are the distinguishing characteristics of managerial [entrepreneurial] work? What roles does the manager [entrepreneur] perform in handling information, in making decisions, in dealing with people? (Mintzberg, 1973, cited in Gartner, 1989). Gartner recommends that researchers should observe entrepreneurs in the process of creating organizations, and describe in detail the specific roles they undertake and the activities involved.

For Timmons (1985), the key to entrepreneurship is the ability to recognize an appropriate opportunity, identify the goals involved and pursue a successful outcome. Different situations present different challenges and problems, and an entrepreneur will assess the probable outcome of a given situation in terms of what s/he is likely to achieve. Thus, external factors appear to be highly influential in determining entrepreneurial success. The process of entrepreneurship presented in Timmons et al.'s model, involves a combination of what the individual brings to the particular situation and the specific demands of that situation. Accordingly, Timmons et al. (1977) compare the personal attributes and role/job demands of the successful and the unsuccessful entrepreneur (Table 2).

Beaver and Jennings (1996) emphasize the need for entrepreneurs to have good managerial skills when they suggest that the root cause of small business failure is poor managerial competence. Through the use of case study examples, they examine the difference between prescribed and assumed models of entrepreneurial behavior provided by management theorists and the actual behavior of small business owner-managers. They conclude that management in a small business is strongly influenced by the personality, experience and competence of the entrepreneur. Greiner (1972), identify the capability to adapt to changing circumstances as a key requirement for sustainable entrepreneurial success. They also view the small firm management process as an abstract rather than a readily visible process, where a number of core skills must be utilized if a successful business is to be established and operated. These skills include

entrepreneurial skills, strategic skills, management skills and ownership skills, with an emphasis on the core competence level of the entrepreneur. Such emphasis would appear to be justified since, as Cromie (1994) points out, if individuals who are less than competent in the core business skills embark on an entrepreneurial venture they should not be too surprised if they fail. As he mentioned, *“Lack of ability in technical and managerial areas can have serious consequences for the future performance of venture, and Storey (1989) confirms that this is so. Inadequately equipped entrepreneurs are an unfortunate reality and in these circumstances, the failure of small firms is quite common”* (Cromie, 1994).

Table # 2: Characteristics and Role Demands of Successful and Unsuccessful Entrepreneurs

	Successful Entrepreneur	Unsuccessful Entrepreneur
Personal attributes/ characteristics	<ul style="list-style-type: none"> • Personal drive • Strong character • Competitive/independent • Takes educated risks • Realistic goals • Ethics 	<ul style="list-style-type: none"> • Self-centered • Unwilling to listen • Takes big or small risks • Unclear goals • Money more important than building a business
Role/job demands	<ul style="list-style-type: none"> • Own values/standards • Hard work and sacrifice • Business comes first • Knows the business • Team builder • Long hours in early years • Innovation and creativity 	<ul style="list-style-type: none"> • Same as the successful entrepreneur but doesn't meet many of the demands

Source: Timmons et al. 1977, cited in Henry, et. al. 2003.

Bhide (1994) views the entrepreneur in terms of the strategies s/he pursues. He suggests that the text book based analytical approach to planning a new venture does not actually suit most start-ups, since entrepreneurs typically lack the time and money to conduct such comprehensive market and product research. Referring to a series of interviews with the founders of 100 companies on the 1989 'Inc. 500 list' of the faster growing private U.S. companies, and subsequent research conducted by his own MBA students, Bhide claims that most entrepreneurs spend little time researching and analyzing. Bhide goes on to quote a 1990 National Federation of Independent Business study of nearly 3,000 start up companies as future evidence that not only do entrepreneurs spend little time in planning, researching and analyzing, but those who do, are no more likely to survive their first three years than people who seize opportunities without planning.

Whilst entrepreneurs do not take risks blindly, Bhide suggests that they use: *A quick, cheap approach that represents a middle ground between planning paralysis and no planning at all. They don't expect perfection – even the most astute entrepreneurs have their share of false starts. Compared to typical corporate practice, however, the entrepreneurial approach is more economical and timely* (Bhide, 1994).

Bhide also claims that there is no ideal entrepreneurial profile; however, he suggests that there are three critical elements in successful entrepreneurial behavior which are demonstrated in the entrepreneur's approach to start-up:

- screening opportunities quickly to weed out unpromising ventures;
- analyzing ideas parsimoniously, focusing on a few important issues;
- integrating action and analysis, not waiting for all the answers but being ready to change course if necessary (Bhide, 1994).

Apart from behaving in the above manner, successful entrepreneurs, according to Bhide, also demonstrate a high level of creativity together with a superior capacity for execution. Like Drucker (1985), Bhide sees the ability to seize short-lived opportunities and execute them brilliantly, as being far more important for entrepreneurial success than the ability to develop long-term competitive strategy.

Contrary to Bhide's suggestion that the aspiring entrepreneur need only adopt a 'quick, cheap approach' to planning the new venture, Osborne (1995) claims that the essence of entrepreneurial success derives from developing a strategy that innovatively links a business's products or services to its environment. For Osborne, a successful start-up strategy from a specific process that includes such arduous tasks as:

- studying the environment to identify unmet marketplace needs;
- developing a product or service to respond to needs and marketplace trends;
- creating a marketing and financial plan to animate selected product/service concept;
- sorting out the suitable level of personal and business risk that corresponds to the entrepreneur's capacity and potential marketplace rewards;
- marshalling the requisite resources to launch the business (Osborne, 1995).

To some degree, Bhide, in a later paper (1996) which focuses on the key areas an entrepreneur must address prior to setting up a new venture, changes his opinion in line with that of Osborne. He suggests that aspiring entrepreneurs must clarify their goals, determine their strategy and then execute it. Having started the business, the tasks of planning and analyzing, which were perceived as superfluous by Bhide in his earlier work, must eventually be undertaken by the entrepreneur as s/he sets about finding the right growth rate for the business and determining an appropriate organizational structure (Bhide, 1996).

3.4. Socio-Cultural Approach

This approach focuses on the socio-cultural events that either force a person or make it desirable to choose entrepreneurship as a career option. From a sociological perspective, a factor such as societal upheaval is considered to have considerable impact on the making of new entrepreneurs. Societal disruptions which affect family life may influence the choice of non-traditional career paths (Hagen, 1962). If the family of the entrepreneur does not seem to 'fit in' society or is seen to be different, then their children may feel the need to create a new niche for themselves (Kets de Vries, 1996). Some studies indicate that entrepreneurs are more likely to come from ethnic, religious or minority groups (Weber, 1958; Hirschmeyer, 1964). Moreover, it is widely believed that some culture is more conducive to entrepreneurship than others.

A recent exploratory study by Mueller and Thomas (2001) found support for the proposition that some cultures are more conducive to entrepreneurship than others. Individualistic cultures, for example, seem to foster an internal locus of control. These authors have concluded

tentatively, that a 'supportive national culture will, *ceteris paribus*, increase the entrepreneurial potential of a country'. The corollary is presented by Lee and Tsang (2001) who describe how a 1985 government report on Entrepreneurship Development in Singapore, revealed that there was a low tolerance of failure in that society. Indeed, the report outlined a prevalent view that failure in the job or in business would mean castigation and ruin – a mindset not conducive to risk-taking. Since then, of course, the government of Singapore has tried hard to promote a spirit of entrepreneurship in the city-state. Lee and Tsang (2001) also make an important point in relation to this discussion. They assert that other studies of the entrepreneurial characteristics associated with venture performance have been based on Western countries, in particular the United States. Lee and Tsang assert that entrepreneurship is a culturally embedded phenomenon and that cross-cultural or cross-national generalization, unaccompanied by empirical support, lack substance.

Religion and its impact on entrepreneurial culture are also studied. Max Weber believed that "Protestant ethic" is conducive to the development of "spirit of capitalism" which is instrumental for entrepreneurship. On the same notion, he believes that "spirit of capitalism" is absent in religious belief system of Hinduism. However, many Indian scholars (Pandey 1970, Tripathi 1971) refuted the proposition and showed that Hindu belief system is very much related to individuals rather than the society as a whole.

Morrison, A. (2000), seeks to answer the key question "what triggers the release of the invaluable enterprising spirit in a country?" by focusing on the relationship of certain cultural and societal factors and entrepreneurship. The study involved a cross-country study in Australia, Slovenia, Mexico, North America, Finland, Scotland, South Africa and Kenya. From this investigation, it appears that there is a significant relationship between entrepreneurship and cultural specificity, combined with an intuitive response by individual members of society, albeit part innate and part cultural conditioning. Certainly, the cultural context in which persons are rooted and socially developed plays an influencing role in shaping and making entrepreneurs, and the degree to which they consider entrepreneurial behavior to be desirable. Tayeb (1988) and Van der Horst (1996), however, emphasize that not all individual members of a society need necessarily be assumed to follow all the dimensions of their cultures in every aspect of their lives. None of us is a slave of the culture in which we live. There will be those persons who are moved to deviate from the cultural norm. Thus, Hofstede (1994) proposes that a person's behavior be only partially predetermined by their mental programmes. He/she has a basic ability to deviate from them, and to react in ways that are new, creative, destructive, or unexpected, e.g. entrepreneurially.

Evertt Hagen (1962), while describing the process of change in any society, suggests that growth in a society has been led not by individuals randomly distributed throughout a society but disproportionately by individuals from some distinctive group. He identifies "creative innovation" or "change" as the fundamental characteristic of economic growth and believes that such innovation or change requires creative individuals. Hagen's principal theme is that such creative personalities or groups emerge when the members of some social group experience, what he calls, "The withdrawal of status respect". This "withdrawal" may occur when

traditionally alike group is displaced by force from its previous status by another traditional group, or when a superior group changes its attitude toward a subordinate group or on migration to a new society. However, Hagen's analysis fails to give policy measures for backward countries which are striving for economic development as he is identifying "Status withdrawal" as the causal factor in emergence on creative personality and status withdrawal by force cannot be contemplated in a democratic setup.

In consonance with Hagen's concern, some researchers have found that entrepreneurs often come from ethnic, religious or other type of minority group (Kets de Vries, 1970; Roberts and Wainer, 1996). Exposure to discrimination may restrict minority groups in their choice of employment and social status, and thus they are sometimes forced into self-employment when no employment option is open to them. Furthermore, according to Kets de Vries (1997), the process of social deterioration and the experience of religious oppression, can give rise to creative, innovative entrepreneurial activity.

Kets de Vries (1977) stresses that closer analysis of the entrepreneur often reveals an individual who has suffered hardship, has had an unhappy family upbringing and who feels displaced or even a 'misfit' in his own environment. His concept of the social mis-fit, the reject or marginal human being, is presented in his 1977 paper, aptly entitled 'The Entrepreneurial Personality: a person at the crossroads'. For Kets de Vries an entrepreneur is a loner, a reject or a marginal individual. He/she is inconsistent and confused about what he wants, often acting irrationally, and is frequently impulsive. The entrepreneur is a 'reactive' individual who uses his/her rebellious nature to facilitate adaptation to changing situations. Tension and anxiety exist within such an individual as any potential success is viewed only as a prelude to failure.

Thus the socio-cultural approach postulates that desirability of entrepreneurship as a career choice is, to some extent, culture bound. Some cultures, particularly individualist cultures encourage entrepreneurship while the collectivist cultures work as a negative force for such option. Religious belief system also has its bearing on entrepreneurial desirability. However, there are individuals who are prone to over throw cultural mask and emerge as "deviants". These deviant people are more likely to opt for entrepreneurship. Moreover, due to various social, political or economic reasons many people feel deprived and put up with the sense of dissatisfaction. These people also may appear as entrepreneurs in an attempt to get rid of their depression.

3.5. Venture Facilitation Approach

This approach claims that entrepreneurship is likely to take place in a receptive business climate, referring to favorable factors such as the availability of risk capital, an accommodating bank system, large market, favorable government policies, sound infrastructure facilities, availability of support services etc.

Resources are necessary means to start a viable business. They include financial capital and other physical means as well as business development assistance and information. Financial means either refer to start-up capital in the form of savings, gifts and inheritance, or borrowing capacity based on real estate, reputation or former accomplishments. The relevance of available

financial means as a determinant of entrepreneurial activity has been extensively documented (Blanchflower and Oswald, 1998; Evans and Leighton, 1989; Van Praag, 1996). It was observed that many potential entrepreneurs with adequate training and appropriate entrepreneurial make-up fail to start their ventures for non-availability of seed capital. An efficient banking system as well as favorable interest rate has an overarching influence on the entrepreneurship activities in a country. Providing soft loan on easy terms and condition and concessionary interest rate for new and/or small ventures are not uncommon as measure to stimulate entrepreneurship in many countries.

Higher level of income or in other words, economic envelopment in a country works both as a negative force and positive stimuli for entrepreneurship or self employment. Various studies argue that economic development is accompanied by a decrease in the self-employment rate (Kuznetz, 1966; Schultz, 1990; Bregger, 1996). Several arguments have been brought forward supporting a *negative* impact of economic growth on the level of self-employment (Carree et al. 2001). Economic development is accompanied by an increase in wage levels and often by an improved system of social security. Increasing real wages raise the opportunity costs of self-employment and thus make wage employment more attractive (EIM/ENSR, 1996). Fewer people are willing to leave 'secure' jobs as wages increase with economic development (Iyigun and Owen, 1988). Marginal entrepreneurs may be induced to become employees and this pushes up the average size of firms (Lucas, 1978). Moreover, higher wages stimulate enterprises to work more efficiently, leading to the use of economies of scale.

On the other hand it is observed that, since the 1970s, per capita income has a positive impact on the self-employment rate in most developed countries (Storey, 1999, p.26; Carree et al, 2001). There are arguments that support this *positive* impact of economic growth on the level of entrepreneurship (Carree, et al. 2001). Increasing wealth leads to higher consumer needs. The demand for a variety of products and services increases and small firms are well equipped to supply these new and specialized goods. Moreover, a higher level of prosperity may lead to higher personal needs, as argued by Maslow. The higher need of self-realization is likely to be better fulfilled through self-employment than working in reutilized teams. Moreover, consumers with more disposable income are in a position to afford to commit a mistake in their purchase decisions which, in turn, encourage innovation in the country. That's why economic development often is accompanied by the emergence of new industries. Small firms have a relative innovative advantage in high innovative industries (Acs and Audretsch, 1987). New technologies have reduced the importance of scale economies in many sectors and small firms are no longer at a disadvantage. The employment share of the service sector increases with per capita income and the service sector is characterized by small firm size, thus creating opportunities for entrepreneurship (EIM/ENSR, 1997).

Government policies can either influence the input side of entrepreneurship, i.e., labor, finance and information, or the output side of entrepreneurship, i.e., opportunities for sales. Next to these input- and output-related policies the government can create conditions of entrepreneurial activity or combat its detrimental effects. Moreover, policies can either be generic, i.e., aimed at the whole economy, or specific, targeted at entrepreneurship. Privatization, liberalization,

incentives for investments and deregulation of industries definitely encourage entrepreneurship while restrictive business practices, stringent tax policies, and lengthy bureaucratic procedures turn down the enthusiasm of the entrepreneurs.

Infrastructure facilities also have its pivotal role in entrepreneurship development of a country. Power connection, gas and water supply, law and order situation, roads and highways, port facilities, telecommunication, all are essential prerequisite for higher level of business creation in a country. Government is very much instrumental in offering these facilities. In one hand, it can create opportunities to the entrepreneurs by making these facilities available to them and on the other hand, it may encourage entrepreneurship in these sectors by deregulating these industries for private investment.

Availability and quality of support services like, trade promotion and information, entrepreneurship education and training, technical and vocational training, business counseling, Management training, R&D facilities, etc in public or private sector facilitate entrepreneurship.

3.6. Entrepreneurial Event Approach

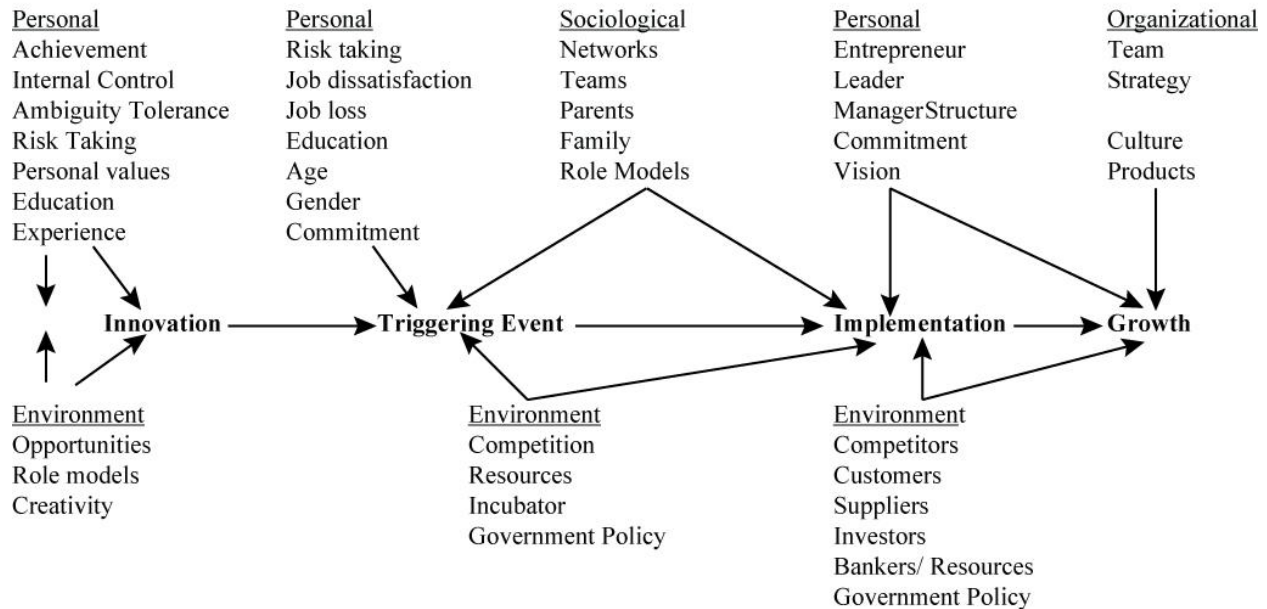
Considering activities involved in entrepreneurship as a process, William D. Bygrave (1989) first described Entrepreneurial event approach. Entrepreneurship is not a series of isolated activities or undertakings. Rather it is a process by which individuals plan, implement and control their entrepreneurial activities. In addition, a number of elements affect each event in the entrepreneurial process. This approach includes the following factors:

- Initiative: An individual or group takes the initiative.
- Organization: Resources are brought together in an organizational form to accomplish some objectives (or resources in an existing organization are reorganized).
- Administration: Those who take the initiative take over management of the organization.
- Relative autonomy: The initiators assume relative freedom to dispose of and distribute resources.
- Risk taking: The organization's success or failure is shared by the initiators.
- Environment: This milieu includes the opportunities, resources, competitors and so forth that affect the entrepreneurial events at different stages.

Bygrave has outlined a model that mixed theoretical concepts from basic social sciences with practical concepts from applied sciences. He proposed four milestone events in the entrepreneurship process. They are: **innovation - triggering events – implementation – growth**. Each event is shaped by a host of factors related to personal, sociological, organizational or environmental issues. Personal characteristics like achievement motivation, internal locus of control, tolerance for ambiguity, propensity for risk taking, personal values, education and experience as well as environmental forces like opportunities, role models etc. collectively influence innovation. However, this innovation is not sufficient condition for embarking on entrepreneurial undertakings. It requires a triggering event to boost up the enthusiasm and drive of the potential entrepreneur(s) to take off. This triggering event may be based on personal factors like risk taking propensity, job dissatisfaction, job loss, education, age, gender,

and commitment. It also may be influenced by environmental forces like competition, opportunities, resources, incubator, government policies etc. and sociological factors like networks, teams, parents, family and role models. Once the potential entrepreneur(s) face a triggering event it leads to implementation of the project and over the course of time it grows as a full-fledged business venture.

Figure# 1.2: Entrepreneurial Event Approach

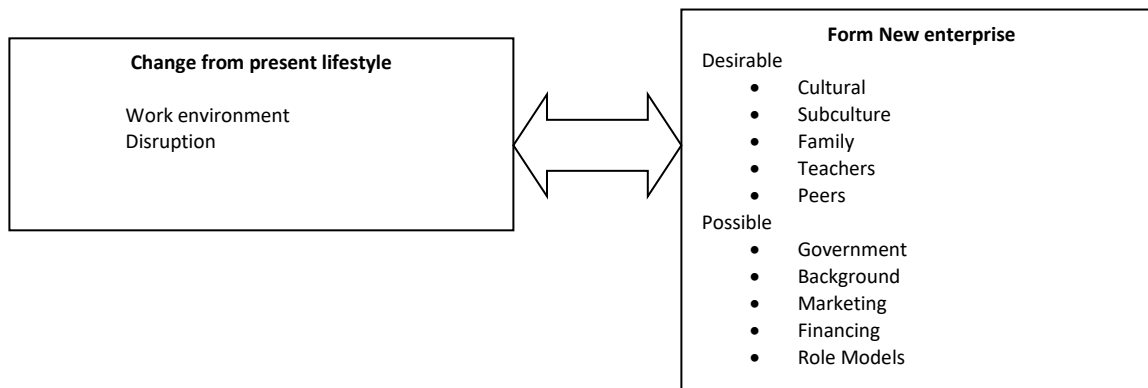


Source: (Bygrave, 1989)

3.7. Hisrich's Decision Model

Robert D. Hisrich (1986) views entrepreneurship decision as a process that starts with the (potential) entrepreneur's decision to change from present life style and determined by a host of factors related to macro and micro environment that make this decision desirable and possible. The process may take the following form:

Figure# 2: Hisrich's Decision Model



Change from present lifestyle: The decision to leave a career or change lifestyle is not an easy one. It takes a great deal of energy and courage to do something new and different. Two aspects of life usually play a decisive role in this respect: *work environment* and *disruption*. A facilitative work environment that help to learn essential trade to start a business is likely to precipitate one's decision to start his/her own business. Two work environments have been particularly good for spawning new enterprises: research and development, and marketing. While working in R&D, individuals develop new product ideas or processes and often leave to form their own companies when these new ideas are not accepted by their employers. Similarly, individuals in marketing become familiar with the market and customers' unfulfilled wants and needs and they frequently leave to start new enterprises to fill these needs. Another, perhaps the stronger incentive to overcome the inertia and leave a present lifestyle to create something new comes from a negative force – *disruption*. A significant number of companies are formed by the people who face some sort of disruption or unwanted events in their lives, like people who are retired, who are relocated due to move by the other member in a dual-career family, who have been fired or who have experienced any discrimination in their workplace. However, the person with a business idea or feeling of disruption may not start a business. The decision to start a business occurs when an individual perceives that forming a new business is both desirable and possible.

Desirability of New venture Formation: The perception that starting a new company is desirable results from an individual's culture, subculture, family, teachers, and peers. A culture that values an individual who successfully creates a new business will spawn more venture formations than one that does not. However, no culture is totally for or against entrepreneurship. Many subcultures that shape value systems operate within a cultural framework. Influence of family traits is also considered instrumental for company formation. Studies of companies in a variety of industries throughout the world indicate that a very high percentage of the founders of companies had fathers and/or mothers who valued independence. Encouragement to form a company is further stimulated by teachers, who can significantly influence individuals to regard entrepreneurship as a desirable and viable career option. Schools with exciting courses on entrepreneurship and innovation tend to develop entrepreneurs and can actually drive the entrepreneurial environment in an economic area. Finally, peers are very important in the decision to form a company. An area with an entrepreneurial pool and a meeting place where entrepreneurs and potential entrepreneurs can discuss ideas, problems, and solutions spawns more new companies than an area where these are not available.

Possibility of New Venture Formation: Another aspect related to the new venture formation centers around the question, "What makes it possible to form a new company?" Several factors – government, background, marketing, role models and finance – contribute to the creation of a new venture. The government contributes by providing infrastructure and policy supports, to help and support a new venture. It is no wonder that in a country with lack of infrastructure

facilities like roads, communication and transportation system, utilities etc or repressive tax rate on businesses or individuals, there will be less company formation than a country with sound infrastructure and favorable government policies. The entrepreneurs must also have the necessary background. Formal education and previous experience give a potential entrepreneur the skills needed to form and manage a new enterprise. Although educational systems are important in providing the needed business knowledge, individuals will tend to be more successful in forming businesses in fields in which they have worked. Marketing also plays a critical role in forming a new company. In addition to the presence of a market of sufficient size, there must also be a level of marketing know how to put together the best total package of product, price, distribution and promotion needed for successful product launching. A company is more easily formed when the driving force is more from market demand than a technology push.

A role model can be one of the most powerful influences in making company formation seem possible. To see someone else succeed makes it easier to picture oneself engaged in a similar activity. A frequent comment of entrepreneurs when queried about their motivations for starting their new venture is, "If that person could do it, so can I". Finally financial resources must be readily available. Although most of the start up money for any new company comes from personal savings, credit, friends, and relatives, there is often a need for additional seed capital. Risk-capital availability plays an essential role in the development and growth of entrepreneurial activity. More new companies formed when seed capital is readily available.

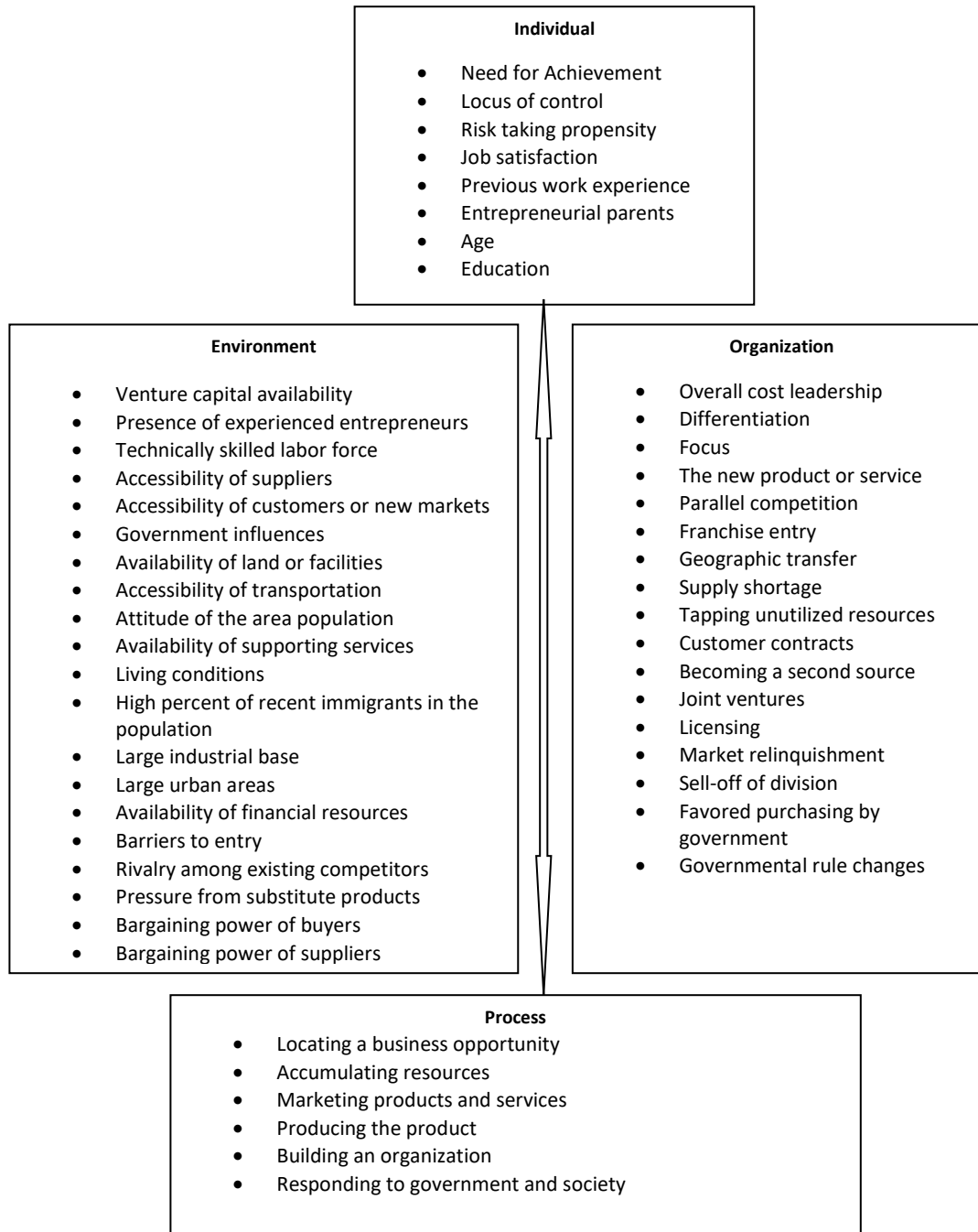
Hisrich's decision model provides a practical approach about how potential entrepreneurs make their decision to switch from present state of career (employment or unemployment) to entrepreneurial career i.e. formation of a company of his/her own. The model draws factors both from macro and micro perspective that are believed to have bearing on the choice of entrepreneurship as a career option.

3.8. Multidimensional Approach

A more detailed process approach to entrepreneurship is the multidimensional approach proposed by William B. Gartner (1985). In this view entrepreneurship is a complex, multidimensional framework that emphasizes the individual, the environment, the organization and the venture process. Specific factors that relate to each of these dimensions and the interrelation among these dimensions are shown in Figure 3.

This multidimensional approach views entrepreneurship as a dynamic interactive event rather than a static, one-dimensional event. Even though it tries to provide a comprehensive schema about the factors affecting entrepreneurship, it does not relate how different steps in the process per se are affected by various factors.

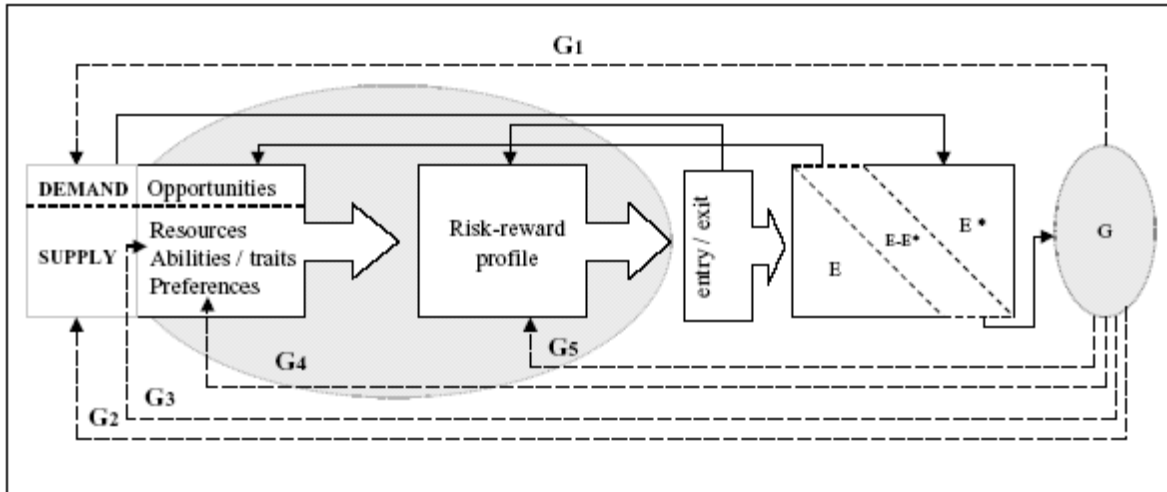
Figure# 3: Multidimensional Approach



3.9. Eclectic Model

Eclectic model of entrepreneurship proposed by Verheul, Ingrid et al. (2001) draws its substance from a broad stream of disciplines and attempts to provide a holistic view of supply of entrepreneurship at country level. It is based on the premises that the determinants of entrepreneurship can be categorized according to the disciplinary approach, the level of analysis, the discrimination between demand and supply factors and a distinction between influences on the actual and equilibrium rate of entrepreneurship. Following diagram illustrate the determinants of entrepreneurship presented in the eclectic model.

Figure# 4: Framework of determinants of entrepreneurship



Here,

E = actual level of entrepreneurship (short term)

E^* = long-term equilibrium rate of entrepreneurship resulting from demand-side forces

$E - E^*$ = the discrepancy between the actual and the optimal rate of entrepreneurship which is expressed through a surplus or lack of entrepreneurial opportunities, leading to entry and exit of entrepreneurs, respectively.

G1. Government intervention on the demand side of entrepreneurship; influencing the number and type of entrepreneurial opportunities

G2. Government intervention on the supply side of entrepreneurship; influencing the number and type of potential entrepreneurs.

G3. Government policies aimed at influencing the availability of resources, skills and knowledge of individuals. These policies generally deal with the input factors of entrepreneurship, i.e., labor, finance and information.

G4. Government policies aimed at influencing the preferences, i.e., values and attitudes, of individuals.

G5. Government policies (directly) aimed at the decision-making process of individuals. Given certain opportunities and individual characteristics, this type of government intervention directly influences the risk-reward profile of entrepreneurship.

This model postulates that the conditions for demand and supply of entrepreneurship in a country as well as the opportunities for entrepreneurial activities and personal resources, ability and preferences determine the attractiveness of entrepreneurship as a career option. It in turn determines the entry or exit into entrepreneurship/ self-employment which ultimately determines the long-term supply of entrepreneurship in a country. Different components of this model are believed to be affected, directly or indirectly by government actions.

Demand side: The demand for entrepreneurship is determined by a combination of factors, including the stage of economic development, globalization and the stage of technological development. These factors influence the industrial structure and the (diversity in) market demand leading to opportunities for entrepreneurship. The demand side factors are highly interrelated and can be considered, to a certain extent, general factors that apply to all countries.

Supply side: The supply of entrepreneurship is determined by the size and composition of the population, including age structure, population density and the urbanization rate, the number of immigrants and the proportion of women in the population or in the labor market. These supply side factors have consequences for the likelihood of the population to become self-employed.

Opportunities and individual characteristics: Demand and supply side factors create conditions for the entrepreneurial decision at the individual level. These conditions consist of opportunities, 'external' resources and 'internal' individual characteristics. The latter include ability, personality characteristics and preferences, i.e., values and attitudes. Whether a particular individual acts upon an opportunity depends upon an individual's external resources, ability, personality traits and preferences.

Opportunities are created by the characteristics of the market. Different types of opportunities can be distinguished. Opportunities for new products arise when customers develop different wants and needs due to increasing income levels or fast technological developments. Increasing or high-income levels lead to a higher variety in the demand for goods and services. Opportunities for new markets arise when the supply of existing goods and services can be extended to new markets. These markets can either be related to established markets, when the entrepreneur produces goods and services that bear close resemblance (without or with little adjustments) to the initial supplied products or when the market is opened up geographically (to a different town, region or country). New markets also arise as a consequence of an growing tendency towards outsourcing of non-core activities (Carlsson, 1989 and Jovanovic, 1993). Finally, opportunities for entrepreneurial activity depend upon the development of the private service sector vis-à-vis the public provision of services.

Risk-reward profile: In modeling occupational choice and particularly the choice between business ownership and wage employment the individuals compare the expected financial and non-pecuniary rewards of these alternatives. They also consider the risks of occupational alternatives and calculate the net rewards of occupational alternatives weighing the risks and rewards of different types of employment taking into account both environmental factors (opportunities) and individual characteristics (resources, ability, personality and preferences).

Actual and equilibrium rates: Changes in the rate of business ownership are determined by the entry and exit of entrepreneurs making occupational choices on the basis of their risk-reward profiles. People can either be pushed into entrepreneurship in case of an unfavorable risk-reward profile of wage employment or unemployment or pulled towards entrepreneurship in case of a favorable risk-reward profile of self-employment. Moreover, incumbent entrepreneurs can decide to voluntarily close down their business because of high opportunity costs, i.e., better alternatives. However, not all closures are voluntary and some entrepreneurs are forced

to close their business because it is no longer viable. At a more aggregate level it can be said that the actual level of entrepreneurship is determined by a combination of the many factors at the demand and supply side of entrepreneurship: opportunities, resources, abilities and preferences determine the landscape of risk-reward profiles of entrepreneurship versus wage-employment at the individual level.

Many forces may cause the actual number of entrepreneurs to differ from the long-term equilibrium rate (Carree, Van Stel, Thurik and Wennekers, 2001). This 'disequilibrium' may stem from cultural forces and institutional settings, such as the regulation of entry, incentive structures and the functioning of the capital market (Davis and Henrekson, 1999 and Henrekson and Johansson, 1999). Market forces and policy measures play a role in restoring the equilibrium.

Government intervention: Government intervention is considered as a key component of the framework. Policy measures and institutions may influence either the key determinants in the individual decision making processes, and in that way indirectly co-determine business ownership, or the mechanism itself, i.e., the manner in which these variables determine the decisions with respect to business ownership. Government policies dealing with the (de) regulation of entry and privatization or collectivization of many services and utilities influence opportunities to start a business (G1). The supply of future entrepreneurs and their characteristics can be influenced, albeit to a small extent, through immigration policy (G2). Resources and abilities, i.e., skills and knowledge, of individuals can be influenced through education, promoting the availability of capital, i.e., development of the (venture) capital market or financial support, and provision of information, through consulting or counseling (G3). Preferences of individuals are more difficult to influence. To a large extent, they are determined by cultural background and as a result are difficult to modify (OECD, 2000). The government can try to influence individual preferences by fostering an entrepreneurial culture. This can be done using the educational system and the media (G4). Moreover, fiscal incentives, subsidies, labor market regulation and bankruptcy legislation co-determine the net rewards and the risks of the various occupational opportunities (G5).

This eclectic theory incorporates multi-level units of analysis – micro (individuals) as well as macro (countries). In addition, it draws on the perspectives and traditions of a number of disciplines, including sociology, management, psychology, regional science, and economics. The resulting eclectic theory ought to provide a conceptual framework for analyzing both the determinants of entrepreneurship as well as the consequences or impact of entrepreneurship across a broad array of industry, national, spatial and temporal settings. This eclectic entrepreneurship theory may serve as a bridge to provide a common link across the broad array of academic disciplines, reflecting the rich diversity of settings in which entrepreneurship takes place (Verheul, Ingrid et al. 2001).

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